

## **LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2006**

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**WEDNESDAY, MAY 11, 2005**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATION,  
*Washington, DC.*

The subcommittee met at 10:30 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Wayne Allard (chairman) presiding.  
Present: Senator Allard.

### **GOVERNMENT PRINTING OFFICE**

#### **STATEMENT OF BRUCE R. JAMES, PUBLIC PRINTER**

##### **OPENING STATEMENT OF SENATOR WAYNE ALLARD**

Senator ALLARD. The subcommittee will come to order.

This morning, we meet to take testimony from three legislative branch agencies, the Government Printing Office (GPO), the Congressional Budget Office (CBO), and the Office of Compliance. I want to welcome all of our witnesses.

We will first hear from Mr. Bruce James, Public Printer, who will be presenting GPO's budget request for \$131 million. GPO's budget request is an increase of \$11 million over the current year, or a 9 percent increase.

Mr. James, you've made great strides in the past few years in improving GPO's operations, including closing the retail stores which had been in the red for some time, downsizing the workforce to better meet GPO's needs, developing a strategic plan, reorganizing the agency to better meet customer needs, and seeking opportunities for relocating GPO's facility.

I would also note that GPO's financial situation has improved considerably, generating net income in 2004 for the first time since 1999. We look forward to reviewing the status of your efforts to make further improvements to modernize the Government Printing Office.

Following GPO, we will hear from Dr. Douglas Holtz-Eakin, who is accompanied by his Deputy, Dr. Elizabeth Robinson. The CBO's budget request of \$36 million is a modest 3.5 percent increase over the current year to maintain current operations.

And then, finally, we will take testimony from the Executive Director of the Office of Compliance, Bill Thompson, and the Chair of the Board of the Office of Compliance, Susan Robfegel. The office is requesting a budget of \$2.6 million for fiscal year 2006. While this is a 9 percent increase, we understand you believe additional

funds over the requested level may be needed to fully meet your mandate.

I will turn to my ranking member when he arrives, and in the meantime, we will go ahead and take testimony from our witnesses. We're going to start with Mr. James, Government Printing Office. I appreciate everybody's timeliness this morning, because I do like to get started on time, so Mr. James, you're up.

#### OPENING STATEMENT OF BRUCE JAMES

Mr. JAMES. Mr. Chairman, I appreciate the opportunity to address you this morning, I have a prepared statement for the record, if you'll accept that.

Senator ALLARD. We will make that a part of the record.

Mr. JAMES. Thank you. I'd like to make a few comments. First of all, you may observe the room is filled with people, I think GPO has more people here this morning than you do, and you might assume that I have all these wonderful people here in case you ask any tough questions and I need answers, but that's not really the reason. This is an opportunity that I think is important for our people to see first hand what is on your mind, and what it is that we need to be addressing.

Second, I have with me this morning a couple of our younger staff. We put a great deal of effort on recruiting from college campuses the best and brightest graduates to come in and join our organization, and with me this morning I have one of them, Ron Selby, who is a graduate of Cal Poly, and who's working in our digital media group, establishing new standards for Government information.

And I also have with me one of our interns, an intern from Howard, here in town, Lonnie Stibey, and it's our hope that we can attract her when she graduates from school into the organization, too.

I realize, Mr. Chairman, that you're new in this position, and we've not had a chance to talk about some of the background of the GPO, and if I may, I'd like to use my time here to talk about the big picture here for a minute, because I think you'll find this useful.

We're in an interesting situation. We've had a disruptive technology thrust upon us, and that disruptive technology is the Internet, which is changing forever the way people will do business in this country. It's changing the way information's going to be handled, and it's changing the ability of Americans to access the work of their Government. As you know, the Government Printing Office goes back many years. When I was sworn into office, I was fortunate to have Justice Kennedy swear me in, and he gave me a little 15 minute talk. And during that period of time, he didn't talk once about making printing presses run faster. What he talked about was my responsibility in helping to preserve our democracy, by making certain that all Americans have access to information about the work of their Government.

And so, in the past 2 years—and I've been there a little over 2 years—what we've been looking at is what are the true core requirements of the GPO, not just today, but what are those requirements going to be into the future. And we've done this by talking

with all of the groups involved with the GPO, from Congress to librarians to printers, to our customers in the executive branch, to get a feeling from them about how their requirements are changing and what they're going to need in the future.

And we also talked with universities to see what they were working on in their research laboratories, we talked with our sister agencies that are involved with information, like the Library of Congress, and the Archives of the United States. We visited with the major technology companies to see what they're working on in the future, and from all of this a pattern emerged. And we took last year to come together, and I took about 200 people at GPO working in small groups on the development of a strategic vision for the agency, published that vision in December of last year, and as I say to our folks, this is not the final blueprint, this is the music, and it's up to them to now fill in the words, but now we've got everybody on the same page and I'm pleased to say that we've gotten wide acceptance of the strategic plan, or our strategic vision, from the various groups, again, that we do business with.

The next thing that we've looked at doing here is to try to decide where the funds are going to come from that are going to be required to transform the GPO from an analog, print-centric organization to a digital information organization, which is what's needed in the future. And there will be, literally, hundreds of millions of dollars involved in the cost of doing this, and so we've looked at this and thought about this as if it was business—how would we look at it? Well, we would have two choices—perhaps more than two—but we'd have two distinct choices.

One is to turn to the capital markets to raise the money, and the other would be doing this from internally generated funds. And, in the case of a Government agency, of course, Congress is the capital market, we'd have to come to Congress for the funds that are necessary to make the investment, and continue to refresh the investment, and it's been very clear to me in the year, year and a half that I've looked at this, that Congress has priorities that are probably higher than the GPO, and let me just put it that way, and so I just don't think it's realistic to come to you and ask you for hundreds of millions of dollars.

Instead we've looked at this and tried to determine how we could do this using our own assets, and I think we've come up with a very ingenious plan. It revolves around the facilities that we have on North Capitol Street, which are historic, they go back to the 1860's. We've acquired in that period of time about 80 parcels of land that we've accumulated and built four buildings altogether on that land. However, those buildings are now obsolete for the purpose that we have today, they're totally obsolete. They're very expensive to maintain; we estimate that we're spending as much as \$35 million a year to maintain these obsolete buildings that we wouldn't have to spend if we were in proper facilities, properly located, and properly equipped.

So, what we've done is, because we're five blocks from the U.S. Capitol, we realize that this land, these facilities could be very valuable to the Government in the future. So, we've looked at the possibility of doing a deal with the private development community wherein we would lease the land in exchange for payment coming

from them. The payment, in turn, would be used to build and equip a new facility, and it also would be a continuing cash stream to us to be able to refresh our technology without having to make a burden on taxpayers.

We've been at this for some time. We've engaged one of the pre-eminent real estate advisory firms in the country to help us with this, and we've been consulting with Members and staffs in both the Senate and the House, and I think we are coming right down the road. I hope to be able to institute that this year. It is the single-most important thing in front of us.

The second thing that we're doing that is absolutely critical to the future of Government information is the development of what we're calling the "Future Digital System," sometimes it's referred to as the "Digital Content Management System". It is a single system that is based on what's going to be required to ingest Government documents that are created in digital form, and to manage that information through a life cycle, and the life cycle in the case of the United States of America is in perpetuity. And in trying to get our minds around what that is, we realize that's a long time. And I guess you, philosophically, can argue whether it's forever or not, but in perpetuity's a long time.

We've had that charge since 1813, of making certain that the documents created by the United States Government are not only available to the public, but that we keep them for future generations. So, we're developing a large system. Again, we're looking how to do this with internally generated funds. I realize I can't just come to you and ask you to again put tens of millions of dollars into this, and we think we have a way of doing this and will be coming back to you in the next week or two to talk about it. And that is, that we have a revolving fund, and as the appropriations come each year—the two major appropriations we get, one is for congressional printing and binding, the other is for dissemination through the Federal depository library program and through the Internet—we have accumulated some surpluses from past years. I say they became surpluses only because we've become more efficient. That money was set aside to do work in the future, going back and taking care of documents that were created by Congress and agencies that would only be printed in future years, and we've just gotten more efficient. And so, we see an opportunity to use those funds to support the building of a future digital system. And, again, I think it's an ingenious way of using that money, it's a terrific investment. And so we'll be coming back to you, Mr. Chairman, to talk about that in the next week or 2.

#### PREPARED STATEMENT

So, those are the major issues that we have here, I think that we have proven that we can get our arms around this large agency and sort of tame it, and bring it under control. We introduced, as you pointed out, a number of practices in the agency that now allow us to be able to predict what will happen, and measure what we do, and make adjustments as necessary to be prudent managers of the enterprise.

Mr. Chairman, those are my opening remarks, and I will be pleased to answer any questions you may have.

[The statement follows:]

PREPARED STATEMENT OF BRUCE R. JAMES

Mr. Chairman and Members of the Subcommittee Legislative Branch Appropriations: It is an honor to be here today to present the appropriations request of the U.S. Government Printing Office (GPO) for fiscal year 2006.

2004 RESULTS

I'm pleased to report that the GPO made significant progress during fiscal year 2004—the first full year of our efforts to transform this venerable agency from a 19th century printing factory into a 21st century digital information factory.

We restored the GPO's finances to a positive basis for the first time in 5 years, broadened the application of best practices throughout our operations, prepared for the release of new product and service options, and set in motion our plan to relocate to a modern facility. With the release of our *Strategic Vision for the 21st Century* in December, we set the GPO on a new course for the future.

Underscoring our progress are the results of the GAO's widely anticipated study of Federal printing and information dissemination activities, *Government Printing Office: Actions to Strengthen and Sustain GPO's Transformation*, which was requested originally by this committee in 2002 and released in June, 2004. The study validates our efforts to redirect the GPO's focus toward information dissemination in the digital era.

We generated consolidated net income in 2004 for the first time since fiscal year 1999, reversing a trend that had depleted our financial reserves and jeopardized our ability to finance needed technological modernization. We also recorded a significant positive adjustment to our long-term worker's compensation liability under FECA, which further strengthened our finances.

We implemented plans to achieve savings and improve service provision by outsourcing financial and IT support operations. We closed our final ailing regional printing plant. A second retirement incentive program, authorized by the Joint Committee on Printing, resulted in an additional workforce reduction of 250 positions, yielding a cumulative workforce reduction of approximately 550 positions, or nearly 20 percent, since January 2003.

We established an office to devise new product and service options for Congress and Federal agencies. Security documents are gaining increased attention throughout the Government—from biometric passports to requirements for new security document standards contained in the Intelligence Reform and Terrorism Prevention Act of 2004—and we view this as a major new opportunity for the application of the GPO's expert capabilities. We began reviewing options for developing GPO facilities outside of Washington, DC, to enhance security and continuity of operations.

During 2004 we began planning for the development of a Digital Content Management System that will allow us to obtain, preserve, and provide access to information produced by all three branches of Government, and to material currently in the custody of the GPO and Federal depository libraries nationwide. The Digital Content Management System will enable the GPO's customers to electronically access the content they want and allow us to deliver it in the formats they desire.

As we reported to this Committee last year, a key to the GPO's future will be relocating from our aging, oversized quarters to modern, efficient facilities scaled and equipped to meet our needs in the 21st century. Rather than burden the taxpayers with this project, we're investigating opportunities to finance it through the redevelopment of our current structures. In September 2004, following approval from the Joint Committee on Printing, we selected an expert real estate advisory firm to help guide us in this process, which we expect to culminate by late 2007. We will seek legislative authority for this project and are working on this with our oversight committees.

Because of the relentless scope and pace of changes in information technology, the way the Government keeps America informed has been forever altered. The GPO's historic mission places us at the very epicenter of this change. We can no longer afford simply to react to change in information dissemination. Instead, we have to lead it. Late in the year we released our *Strategic Vision of the 21st Century*, which positions us to transform the GPO into a 21st century digital information service provider.

The time has come for the GPO to fully assume its responsibilities as the Government's primary resource for gathering, cataloging, producing, providing, and preserving its published information in all forms. This is the GPO's historic mission, tracing its beginning to 1813, when the antecedents of Federal Depository Library Program was first enacted. But to fully assume it, we must embrace our historic

mission using the technology of the 21st century. Relying on the creative energy of our dedicated workforce, and based on the achievements we've logged over the past two years, we're well-positioned to begin making our strategic vision of the GPO a reality.

#### FISCAL YEAR 2006 REQUEST

Our fiscal year 2006 request is designed to provide for the: continuation of our congressional printing and binding operations at required levels; continuation of our information dissemination services at required levels; and investment in retraining our workforce to meet the demands of technology.

Our fiscal year 2006 request is consistent with the financial goal included in our *Strategic Vision*, which is to provide the resources required to accomplish our vision using the GPO's own operations and assets as well as normal appropriations, with the exception of a onetime infusion of workforce development and training funds.

#### CONTINUATION OF SERVICES

For the Congressional Printing and Binding Appropriation, which covers printing and information product services for Congress, we are requesting \$92.3 million. This is a modest rise over the level approved by Congress for fiscal year 2005, based on anticipated direct cost increases resulting primarily from contractual wage agreements and projected changes in congressional workload consistent with second session requirements.

For the Salaries and Expenses Appropriation of the Superintendent of Documents, we are requesting \$33.8 million, also a modest rise over the fiscal year 2005 approved level. This appropriation provides for the distribution of Government publications in both tangible and online formats to Federal depository and international exchange libraries and other recipients authorized by law, as well as the cataloging and indexing of Government publications. Today, our online information service, GPO Access ([www.gpoaccess.gov](http://www.gpoaccess.gov)), makes available free of charge more than a quarter of a million titles from all three branches of the Federal Government, and is used by the public to retrieve more than 37 million documents every month.

Since 1996, consistent with directions from Congress, the GPO has been transitioning the Federal Depository Library Program (FDLP) to a predominately electronic basis in full cooperation and consultation with the library community. This initiative has resulted in an exponential expansion of effective public access to Government information without substantial increases in funding. At the same time, we have continued to provide public access to information in tangible formats in accordance with policy established by the Superintendent of Documents.

We value our partnership with Federal depository libraries and share their commitment to providing no-fee permanent public access to a comprehensive body of official Federal Government information, in print and electronic form. We will continue to expand electronic information offerings through the FDLP and will continue to provide for dissemination of tangible products to depository libraries in accordance with existing policy, in full consultation with the library community and our oversight committees in Congress.

#### INVESTMENT IN THE GPO'S FUTURE

For our revolving fund, we are requesting \$5 million for transitioning the GPO's workforce from traditional manufacturing and distribution skills to the capabilities required for managing the life-cycle of Government information products. These funds will be used to define the workforce needed in the immediate future, assess the skills of current employees, identify the gaps, and then design and deliver targeted, just-in-time training to close those gaps.

Our *Strategic Vision* identifies unexpended balances of prior year appropriations that have not yet expired as a potential source of funds for investment in our signature initiative, the Digital Content Management System. This system will serve both the FDLP as well as ingest information products produced by Congress for public dissemination. Under the language of our appropriations accounts, unobligated or unexpended balances in these accounts or accounts for similar purposes for preceding fiscal years may be transferred to the GPO revolving fund for carrying out the purposes of these appropriations subject to the approval of the House and Senate Appropriations Committees. The GPO used this legislative provision once before, in 2001, with the Committees' approval. For this appropriations cycle, and with the approval of the Joint Committee on Printing, we will seek the Committees' approval to transfer currently available funds to the revolving fund where they would remain available until expended in the development of the Digital Content Management

System. This funding would also be available to liquidate any shortfalls in these appropriated accounts that may occur through fiscal year 2006.

Mr. Chairman and Members of the Appropriations Committee, thank you for all the support you have shown for our efforts to bring transformation to the GPO. This past year has been one of unparalleled accomplishment at the GPO. With your support we can continue that record of achievement. I look forward to working with you in your review and consideration of our request.

#### REDEVELOPMENT OF GOVERNMENT PRINTING OFFICE HEADQUARTERS

Senator ALLARD. Mr. James, you have made tremendous strides in your efforts to modernize GPO. One of the biggest obstacles you face is your current facility on North Capitol Street—4 buildings and 8.5 acres—far more than GPO needs and costing \$35 million in operations and maintenance each year. What are the options you are exploring to finance a new GPO facility?

Mr. JAMES. The land that we have at North Capitol and H Streets is one of the most valuable pieces of real estate in the United States for potential development, and it's because of its location, one block from Union Station, and five blocks from the Capitol. It's clear that the District government would be opposed to tearing down the historic buildings that we have, and so we're going to have to preserve those historic buildings, however we end up doing this, but we have vacant land to go with these historic buildings, and my guess is that we'll end up with a mix of offices, retail, residential and perhaps, even, a hotel. And from our conversations with the District government, they're quite excited about this, because this fits into their general development scheme for the area quite well. This can be the lynchpin for them in really helping to develop that part of the city.

So, what we've been doing with The Staubach Company, our real estate advisory firm, is looking at what would be the highest and best use of that land, not just for us, but for the city too, what are we going to end up with? Because what we want to do is go out to developers and we want to do this on a competitive process. We'll probably go through two stages—a request for information and a request for proposal. But I don't want to go out blind. I want to go out knowing what to expect back, so I have an ability to evaluate what we're hearing.

Now, we've also been working with two other organizations that have more real estate experience than we do, and that's the General Services Administration, and the Architect of the Capitol, both of whom have been very generous in sharing their people with us as we set this process up. So, at the end of the day, we would expect, through a competitive process, to get the highest and best use of the property, and do it on a basis where we, the Government, retain the ownership, at least of the contiguous parcels on the west side of North Capitol, and at some period in the future it reverts back to the Government, so that we have a second bite at the apple.

Senator ALLARD. According to your strategic plan, GPO "expects the terms of any redevelopment to be settled by mid-2005." Are you on schedule?

Mr. JAMES. Yes, sir. We are. We have been working diligently in the last year on this, the final presentation from Staubach is due to be made to me next Monday, we have identified the issues that

we need to work with Congress on, we've had preliminary discussions with Congress on this, and we'll be back in the next week or 2 asking permission to move forward.

Senator ALLARD. Is legislation required to implement your plan?

Mr. JAMES. Mr. Chairman, we've looked very carefully at this, and under the law, I can probably do quite a bit on my own, obviously we wouldn't move without the concurrence of Congress, but it looks like we are going to need legislation in terms of the ability to keep the proceeds in redevelopment, but if we don't have that it looks to us like the proceeds would go back to the General Treasury.

Senator ALLARD. Have you shared the plan with the appropriate committees of Congress?

Mr. JAMES. We have shared the development of that plan, we're getting ready to present the entire plan.

Senator ALLARD. When will the Congress be presented with a plan?

Mr. JAMES. Within a week or 2.

Senator ALLARD. Is your assumption that a new GPO building will be operational in fiscal year 2007 realistic?

Mr. JAMES. Well, my target is to be in a new facility—which is separate and distinct from the redevelopment of the existing facilities, they can't begin to redevelop the existing facilities until we get out—so our goal is to be out and into a new facility by December 2007. Now, I caution, that's a very aggressive schedule, but I'm used to setting aggressive schedules, and trying to get there. It is an aggressive schedule.

Senator ALLARD. Will any appropriations be required for this venture?

Mr. JAMES. Well, we've had some discussions with your staff about the future of appropriations, because we realize this isn't just a 1-year deal here, and the economics look to us like, quite frankly, we will be able to reduce our appropriations requests in the future, not ask for more money, and the reason I say that is, so much of what you appropriate to use, particularly for congressional printing and binding, encompasses the overhead that we have for maintaining this ancient facility. And when that overhead is reduced, we should be able to produce each page of a document for less money, therefore reducing, overall, the costs to the Government.

#### FUTURE COST SAVINGS

Senator ALLARD. GPO's budget justification indicates that once you have a new plant and equipment, you expect to be able to reduce the congressional printing and binding appropriation by 30 percent. What is the basis of this projection?

Mr. JAMES. We estimate that we will be able, on the congressional printing and binding portion of the appropriation, we think by 2009, our request will be about 30 percent less than it would be if we maintained ourselves in the same building.

Senator ALLARD. Where will the savings come from?

Mr. JAMES. You know, I could probably best answer that question by taking you for a 10 minute walk through our facility. It was designed and built in the late 19th century and early 20th century, and we're maintaining nearly 100 elevators that are in some cases



100 years old. We're maintaining an ancient facility that, at one time, housed 8,500 people, and today we have less than 2,500 people in the facility. As we embrace technology, and do things more efficiently, we need fewer people. So, just by reducing those costs, we will save about \$35 million a year, just from that alone.

#### SCHEDULE FOR NEW BUILDING

Senator ALLARD. Is your assumption that a new GPO building will be operational in 2007 realistic?

Mr. JAMES. Mr. Chairman, I'm a novice at this, I've only been in Washington for 2 years, and of course, everybody tells me how slowly things move, and I realize that I don't have the same control on the project that I would if this were in the private sector, but I see no obstacles at this point that would keep us from meeting that aggressive schedule. There may be something that comes up, certainly Congress could slow us down and there would be other things that could slow us down, too, but I think this is a doable schedule, and I think it's realistic. It's very important that we have dates like that in mind for my planners, the folks that are planning what the new operation will look like, because as you might imagine, when we move to a new facility, this will be the start of a new culture. We will move from being print-centric with large—what I call, heavy metal—printing presses, and instead we'll move into digital production lines that are very efficient.

I had a conversation the other day with the Clerk of the House about this, about the Congressional Record. I was talking to Mr. Trandahl about it, and I said, "For instance, we no longer would have to think about giving each Member a complete Record each day. We could, instead, do a customized Record based on what their interests are, what their committees are, and just custom-make exactly what they need, because the entire Record's on the Internet, you can look it up on GPO Access or Thomas, so instead, we could save paper, we could save time, we could save energy, and make it much more efficient." So, we're looking at building a platform that will be far more flexible for our customers in the future.

#### DIGITAL CONTENT MANAGEMENT SYSTEM

Senator ALLARD. According to your statement, GPO will be seeking congressional approval this year to reprogram \$20 million from previously appropriated funds to develop a new integrated digital content management system. Could you explain what this is and why it is necessary?

Mr. JAMES. Well, it's necessary because technology has changed. Twelve years ago, the Government didn't have any documents on the Internet. Last month, we estimate that 50 percent of all Government documents were born digital, to never be printed by the Government. This doesn't relieve the Government of the responsibility of having that information available to citizens, and our web portal, GPO Access, is the Government's principle point for citizens to enter and look at the documents of Government. We have about 256,000 documents available for citizens on GPO Access, we have about 1 million downloads a day of Government documents. This didn't exist 10 years ago. So, we need to have a system that's robust enough to handle that—and if I may add, if I may just extend

that remark slightly—there are profound changes coming down the road.

The Internet that we have today is nothing like what the Internet 5 years from now is going to look like. The Internet 5 years from now will be running at 20,000 times the speed of today's Internet. The way the Government gathers information and the way we present information is going to change. We're going to make far heavier use of video and audio, and what we need to do is prepare the way, so that when you're ready to introduce new ways of doing things, we have the support mechanism in place.

#### LEASE OF CURRENT FACILITY

Senator ALLARD. If you're planning to lease the current facility, are you counting on whoever leases it to maintain the buildings, or will GPO need to do that, and is GPO going to have a surplus out of this lease arrangement in order to pay for the other building?

Mr. JAMES. We won't be doing the maintenance, Mr. Chairman. The developer that we pick together will be doing this.

Senator ALLARD. And the Government will continue to own those buildings?

Mr. JAMES. Yes, sir.

Senator ALLARD. And the land, too?

Mr. JAMES. Yes, sir.

Senator ALLARD. And, have you got some figures on what it's going to cost to maintain and operate the lease site?

Mr. JAMES. We're not going to know that until we go out for proposals from developers. And again, this is not our money, this is not taxpayer's money that we're putting into this development project. This will be capital the developer raises and brings to the project. The developer's the one who will be responsible for building anything, changing anything, with his own funds, and for paying the cost of maintaining it, paying the costs of leasing it, collecting the rents, doing all the things that would normally be done. We simply sit there with a lease that is guaranteed, of course, by the fact that we own the land, and the buildings, we own those, so that's our guarantee, and we will get then, each year, or each month or however the arrangement is made, we will get a sum of money paid to us.

Senator ALLARD. You had a number of developers who were interested in this project, is that right?

Mr. JAMES. I believe we have gone through the steps of making certain that the world's premier developers are aware of this. We believe that we will have great interest in this project, from the best developers in the world.

Senator ALLARD. At this point in time, how would you characterize the interest in this venture? High, medium or low?

Mr. JAMES. Very high.

#### DIGITIZATION EFFORT

Senator ALLARD. Okay. One of the efforts you had was to digitize and authenticate all known Federal documents. How far along are you in that goal?

Mr. JAMES. Today any document that is possible to digitize, we're digitizing, every new document coming along, and we've been doing

that for some time. But, of course, we have a lot of documents that have been issued over the years, going back to 1789 and even before that that are considered Federal documents, that are available only in paper, and therefore they're in just a few locations around the country. Scholars have access to those documents but the general public doesn't have access to that information. And so we think to have a truly usable database of Federal information, that it's going to be important to go back and digitize those documents, to find them and digitize them. The good news is that we already own those documents, we the Government own those documents, and they're maintained at Federal depository libraries in partnership with the Government. Fifty-three of those libraries, called regional depositories, have very extensive collections, and we've talked with several of them that would be interested in participating with us in this project in furnishing those documents back to us.

We are looking right now at building a new business unit at the GPO that we'll call the digital media group, and we're setting the standards, we're getting our arms around that project right now. And this is going to become a very important part of retraining our workforce. We have a lot of people with skills in platemaking, printing, and binding that won't be needed in the future. Instead, it will be people with digital skills, and so what we'll be doing is transforming those jobs from the old world into the new world as we establish the digital media group.

We've talked with our customers, and we have roughly 500 agencies in the Government who are our customers, many of whom have requirements to digitize documents. We've discussed with them the possibility of building this enterprise of digitizing Federal documents in the depository library system, and also offering services to other Government agencies, and we've received a lot of interest in that.

Senator ALLARD. Are you far enough along to have an idea as to how long it will take to do this and what the cost might be?

Mr. JAMES. If we do this smartly, there isn't going to be any additional burden of cost, and I say that because we're taking people that are already on our payroll that we're already paying, and we're going to move them from the job they're doing today into this new area. So, it's not going to be additional cost. My goal is to have 70 percent of all the retrospective documents into a digital system by the end of 2007. We think that's a realistic and practical goal.

#### TRANSITIONING THE WORKFORCE

Senator ALLARD. Okay, now along with this transition that you're talking about, going into the digital age, you've requested in your budget \$5 million that has been defined as "transitioning the GPO workforce." What will be the impact if we're unable to provide this appropriation?

Mr. JAMES. Well, it would probably cost the jobs of 400 or 500 Government workers, and we'd probably get back to you, talking about the fact that we're going to have to terminate those workers, because they wouldn't have the skills that we need for the new world. We think this \$5 million is a really modest investment in taking people who have proven their ability to be good employees,

and who have been dedicated and loyal to the Government, many of them for more than 30 years, and give them the benefit of acquiring new skills, and this is the right thing to do.

#### SMART PASSPORT

Senator ALLARD. Let me move over to your working with the State Department on what's been referred to as a "Smart Passport." What's the status of that effort, and what impact will this activity have on GPO's future?

Mr. JAMES. As we've looked at the future, it's very clear, Mr. Chairman, that security and intelligent documents are going to become more and more important to the GPO. It's going to comprise a significant portion of our business 5 years down the road. The start of it is the putting of an electronic chip and antenna into the new U.S. passport.

We've been at work on this project with our customer, the State Department, for nearly 1½ years. We've been looking at the various possibilities, how we're going to do this, how this chip is going to be included in the passport. We manufactured the very first electronic passport about 3 months ago as a test, and my understanding is that the State Department is going to be rolling out the electronic passport, which we produce, later this summer in an official version—the version that you would carry or diplomats would carry—to test it. We know what happens with a traditional passport when it goes through a washing machine, we know what happens to the old passports. What we don't know is what happens with the new electronic passport if you leave it in the trunk of your car. So, we'd like to get some information, the State Department would, before they begin to issue those to general citizens, but they expect that early next calendar year they'll be rolling out those passports.

#### FEDERAL DEPOSITORY LIBRARIES

Senator ALLARD. On the Federal depository library system, is the depository library community satisfied with your approach, going to the electronic dissemination of information?

Mr. JAMES. Well, there are thousands of people involved in the Federal depository library community. As my opening remarks indicated, we have experienced a very disruptive technology. It's not only disrupted our lives and your lives, but it certainly is having a profound effect on libraries. I think we have general concurrence throughout the community of the importance of building the digital database of all U.S. Government documents from the beginning of time until now, and keeping that current. We're 100 percent on the same page.

Our instructions from the Appropriations Committees over the years have been to transform the depository library system from a paper system to an electronic delivery system. And we've been doing that and today, most of the documents we deliver are in electronic form, we no longer print them.

But there's certainly documents left that we are printing, and there are certain communities within the Federal depository library system that still have a need for paper documents, and we're going to have to find a way to continue to provide those paper docu-

ments as long as they need them. And every day we work on this issue with the depository libraries.

#### GOVERNMENT PRINTING OFFICE FIELD OFFICES

Senator ALLARD. GPO has 20 field offices for print procurement. What is the status of any effort to realign any of those offices?

Mr. JAMES. Mr. Chairman, they are more than just offices that purchase printing. As I'm sure you know, the GPO doesn't print only in our own plant. Most of the Government's requirements are placed into private sector. Last year we sent work to 2,568 printers around the country. We buy printing very efficiently. Now our regional offices help us in buying printing efficiently, and in making certain that printing is widely distributed throughout the United States.

However, they also work with our customers, our customers being the agencies of Government, and there are very few people who run programs in other Government agencies that have skills and knowledge about information, how it's created, how it's processed, and how it's used. Today, of course, it's always digital as well as printing, so our people have those skills, and we work with our agency customers in helping them to accomplish their mission.

Now, whether or not we need 20 offices is the question, and we are continuing to examine that and look at whether there is a more efficient way of providing a high level of service to our customers.

#### INTERNAL CONTROLS

Senator ALLARD. One final question, the Inspector General has suggested that perhaps there needed to be improvement in the contracting processes, particularly on your internal controls. His concern was it would help prevent the potential for waste, fraud and abuse. What steps are you taking to meet those concerns?

Mr. JAMES. I could not agree more with them. We did not have, when I arrived, the proper methods, the proper techniques, the proper technology to efficiently and effectively manage this contracting. And we've taken very aggressive steps to make the investments necessary to get this under control, and I can report to you that I completely agree with the Inspector General, and we are moving on this as promptly as we possibly can.

Senator ALLARD. That's all the questions I have, Mr. James, and we need to move forward because I think we've got a vote scheduled for 11:30.

#### ADDITIONAL COMMITTEE QUESTIONS

There will perhaps be some other questions from the subcommittee and I think perhaps Senator Durbin might have some questions from that side of the aisle, and I ask that you could respond promptly when you get those questions. Is 10 days a reasonable time period?

Mr. JAMES. Absolutely.

Senator ALLARD. We thank you for your testimony, and then we'll move on to the next panel. Thank you, Mr. James.

Mr. JAMES. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing, but were submitted to the Office for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

*Question.* Mr. James, what changes does GPO plan on making with regard to the production of U. S. passports?

*Answer.* In cooperation with the State Department and other Federal agencies, a major effort is underway at the GPO that will lead to the introduction of an electronic passport in 2005.

The new electronic passport will enhance the security of millions of Americans traveling around the world and facilitate the movement of travelers at ports of entry. The electronic passport will contain an embedded computer chip that complies with the recommendations of the International Civil Aviation Organization (ICAO) and will be consistent with the provisions of the Enhanced Border Security and Visa Entry Reform Act of 2002. The electronic passport is a significant step forward in the utilization of advanced information technology to meet the requirements of one of our most important customers, the State Department.

The development and production of the electronic passport will be a three-phase project:

- The GPO will produce test passports using chip solutions provided by commercial vendors that manufacture this technology. The National Institute of Standards and Technology will then test the electronic passports for their ability to meet durability, security, and electronic requirements.
- Once testing results are completed and the final vendor(s) selected, the State Department will conduct an operational field test, and then begin issuing electronic passports to Federal employees. The current timeline for these activities is in the summer and fall of 2005.
- The first electronic passports are currently expected to be issued to the general public later this year, with full deployment at all Department of State passport agencies in 2006.

*Question.* Where are you considering locating your GPO continuity of operations facilities outside of the Washington, DC, area?

*Answer.* As provided for in the GPO's *Strategic Vision for the 21st Century*, submitted to Congress in December 2004, we are reviewing options to establish an ancillary facility outside of Washington, DC, for the production of U.S. passports and other security and intelligent documents. In view of the events of September 11, 2001, and the subsequent anthrax and ricin attacks on U.S. Capitol buildings, we believe it is essential that a geographically separate facility be established to produce these essential products in the event that current capabilities at the GPO become unavailable.

We are currently discussing location options and capabilities with officials of the State Department. Optimally, this facility would be located at the Nevada Test Site, which can provide a maximum level of security for these important documents. However, we are prepared to work with the State Department and our oversight committees to fully review the cost and benefits of alternative location options.

*Question.* You have conducted two buyouts since 2003, both of which substantially reduced your workforce. Do you have the staffing to ensure that GPO is able to carry out its mission successfully?

*Answer.* The buyouts we conducted in 2003 and 2004, with the approval of the Joint Committee on Printing as required by our retirement incentive legislation, reduced our workforce by approximately 550 positions, or 20 percent, yielding annual savings of about \$38 million. The buyouts were conducted at a time when nearly half of GPO's workforce was retirement-eligible. Also, many of the positions that were reduced came from our publication sales program area, which was unable to continue supporting a personnel infrastructure of its previous size. With reorganization of our functions, over the past year we were able to meet our mission requirements while continuing to carry out transformation activities to prepare GPO to meet the requirements of the 21st century. We are closely monitoring our mission performance and taking all necessary actions to manage customer expectations from Congress, Federal agencies, and the public.

*Question.* Your *Strategic Vision* document outlines a new organization for the GPO. Can you please explain it for us?

*Answer.* To better address the many challenges and opportunities posed by the 21st century publishing environment, GPO will reconfigure its organizational structure around six business lines. These new Business Units will be phased in over the next two years in the following order:

- Security and Intelligent Documents.*—This line of business will work with Federal agencies to assist in the safe and secure design, production, and distribution of security and intelligent documents, many of which will incorporate electronic and other fraud and counterfeit protection features.
- Digital Media Services.*—This unit will develop and maintain the resources necessary to provide services to Federal agencies and the Federal Depository Library Program (FDLP), to allow them to both add content to GPO's Digital Content Management System, and to withdraw or receive content to produce specific products and services. It will also house GPO's creative capabilities for customers.
- Customer Services.*—This is an existing GPO business unit that will be organized around its customers, with a team of GPO employees assigned to each principal agency customer. Each team will have a manager whose responsibility it is to become an authority on the mission of their customer agency and will be supported by a national account manager whose responsibility it is to develop new business from the agency and to visit the agency's principal locations on a regular basis to consult with program managers.
- Library Services and Content Management.*—This unit will continue to manage the FDLP under the direction of Congress to ensure equitable, secure, convenient, and permanent public access to Government information in tangible and digital forms. It will oversee the development of processes and standards to ensure the timely inclusion of all past, present and future Government publications, whether born digital or created through digitization of print material, into the GPO Digital Content Management System to create a complete FDLP digital information collection that can be authenticated and preserved for future generations.
- Publication and Information Sales Program.*—This unit will develop a capability to fulfill customer orders through other booksellers. GPO will continue to provide subscription services for Government periodical publications that can be fulfilled directly from the printer or its mail house, and that are economically viable. Back copies will be provided by a contract vendor employing on-demand printing technology to back a modest inventory. It will also focus on developing unique collections of digital information, which will be "pushed" over the Internet to primarily business customers on a subscription basis.
- Official Journals of Government.*—This business line will continue to meet congressional and agency needs for these types of traditional products while at the same time ensuring the proper coordination of their digital versions with other GPO business operations and meeting GPO's electronic information dissemination mandate.

*Question.* Tell us what you see as the future of the Federal Depository Library Program.

Answer. As stated in our *Strategic Vision*, it is clear that all future Government information, including text and graphics, still and moving images, and sound, will either be born digital or transformed into digital structure for manipulation, storage and delivery to end users. It is the convergence of text, still and moving images, and sound, into a single electronic content database that will revolutionize future communications.

The Federal Depository Library Program (FDLP) will determine the content of GPO's new Digital Content System, set standards for Federal documents, authenticate documents, catalog and manage the content, and determine the standards for preservation of the content for future generations. This will be done in context with the development of our proposed the Digital Content Management System.

The FDLP will also set the standards for digitizing retrospective tangible documents, acquire both the tangible documents and digitizing services and provide quality assurance for the content. The goal is to digitize all retrospective documents that can be authenticated back to the Federalist Papers. We expect to complete 70 percent of this task by December 2007.

Our proposed Digital Content Management System is under development by GPO's Office of Innovation and New Technology, in collaboration with other business units, and is scheduled for full implementation by December 2007. The hardware and software associated with the system will be managed by GPO's Office of Information Technology and Systems.

*Question.* What actions have you taken in fiscal year 2005 to provide incentives for depository libraries to remain in the Federal Depository Library Program?

Answer. GPO has been in continuous communication with the depository library community about the incentives to remain in the FDLP. Many of the incentives suggested by the community have been documented in a report available at <http://>

[www.access.gpo.gov/su\\_docs/fdlp/pubs/proceedings/incentives\\_progress\\_oct2004.pdf](http://www.access.gpo.gov/su_docs/fdlp/pubs/proceedings/incentives_progress_oct2004.pdf). A number of these suggestions have been or are being implemented:

- GPO is launching the first phase of its new integrated library system (ILS) later this month. This system allows GPO to share cataloging information about Government publications with all members of the depository library program and reduces the need for individual libraries to invest local resources to create cataloging information or pay fees to obtain this information from others. The ILS will also allow the GPO to deliver customized information to each of the member libraries based on their individual library profile and generate electronic shipping lists and other useful reports that the libraries have requested.
- GPO plans to expand its ability to connect citizens who are searching the Internet for Government documents to depository libraries who hold the documents by using the OCLC world catalog of electronic library records, called WorldCat. Currently, this access is available through the GPO Access web site at <http://www.gpoaccess.gov/libraries.html> and access is based on the current depository library item selections.
- The GPO staff responsible for FDLP planning recently completed research and prepared a white paper on the special needs and concerns of public libraries as members of the FDLP. This paper, which will be issued later this summer, was prepared in response to concerns voiced in a breakout session for public libraries during the recent Federal Depository Library Council Meeting in Albuquerque, NM. The study helps GPO to understand the issues public libraries currently face, so it can better meet the needs of these FDLP partners. GPO will work through regional depository libraries to develop strategies to support public libraries that participate in the FDLP.
- Federal agencies are producing over 90 percent of their new publications in electronic format. Many of these publications are posted on agency web sites and never sent to GPO, or elsewhere, for printing. The depository community has asked GPO to take steps to ensure that this born digital content is captured as part of the FDLP. Harvesting such electronic documents is part of our proposed Digital Content Management System. Additional information about the Digital Content Management System can be found at <http://www.gpo.gov/projects/fdsys.htm>.
- In accordance with our *Strategic Vision*, and with the approval of the Joint Committee on Printing, our new Library Services and Content Management business unit will support the Federal depository library community in its efforts to create a reasonable number of comprehensive collections of tangible Government publications in view of changing library resources and technology. GPO will also develop two complete collections, as last resorts, that will store both tangible and digital versions of all publications.
- GPO is developing an electronic depository library manual in a collaborative effort with volunteers from the depository library community [http://www.access.gpo.gov/su\\_docs/fdlp/pubs/im\\_volunteer\\_reg.html](http://www.access.gpo.gov/su_docs/fdlp/pubs/im_volunteer_reg.html). This manual consolidates and updates existing policies and allows for best practices and lessons learned to be shared across the FDLP. It is intended to simplify and clarify the instructions, policies and procedures to make it easier to administer the FDLP.
- At the 2005 Spring Federal Depository Library Council meeting, GPO offered training to support new and experienced depository librarians in learning more about the FDLP. Specifically designed to respond to community requests, GPO offered educational sessions aimed to introduce novice depository librarians to the FDLP. In response to requests from the attendees at these sessions, the educational programs will be repeated at the 2005 Fall Federal Depository Library Conference to ensure this basic training is made widely available to the community.
- Beginning with the 2003 Spring Federal Depository Library Council meeting, GPO has hosted a series of breakout sessions for the segments of the FDLP community. The breakout sessions are organized by the type of library to make sure that the unique concerns of each type and size of library are identified. These listening sessions are informal gatherings that allow community members to raise concerns and issues confronting their community and library. FDLP members can communicate directly with GPO staff about their particular concerns. A number of GPO staff attend each session and compile lists of community concerns so GPO can develop policies and strategies which present viable solutions to these problems.
- Beginning in February 1, 2005, GPO added information to the records in OCLC's world catalog of library documents, known as WorldCat. The goal of the project is to allow Government documents in 30 regional depository libraries to



be more easily found by citizens. GPO created an automated loading process for OCLC to improve the visibility of documents that may be found in depository libraries. This service will enable citizens to more easily locate Government documents and increase the circulation and interlibrary loans of Government publications. It was discussed in the February 15, 2005 issue of GPO's Federal Depository Library Program newsletter, "Administrative Notes", at [http://www.access.gpo.gov/su\\_docs/fdlp/pubs/adnotes/ad02\\_031505.html#8](http://www.access.gpo.gov/su_docs/fdlp/pubs/adnotes/ad02_031505.html#8).

- In 2004, GPO established a special web site called "Resources for Federal Depository Library Directors". Because many directors have unique challenges balancing local needs and national responsibilities as depositories, a web site that offers consolidated depository resources was viewed as beneficial to that specific part of the community. The web site home page is linked from the FDLP Desktop, specifically at [http://www.access.gpo.gov/su\\_docs/fdlp/directors/index.html](http://www.access.gpo.gov/su_docs/fdlp/directors/index.html).
- GPO recognizes the contributions individual libraries make to the FDLP by the annual awarding of the Federal Depository Library of the Year. The award, made by the Public Printer, provides special recognition for a depository library that furthers the goals of the FDLP by ensuring that the American public has free access to its Government's information. Criteria for the award includes outstanding public services, such as significant promotion of the Government documents and services in the library and in the community, substantial cooperative efforts with other depository and non-depository libraries to share knowledge and Government information resources with a larger community, access to a well-defined collection of depository tangible and electronic resources to meet the needs of the library's service area; and exceptional care and preservation of the depository collection. Nominations for the 2005 Federal Depository Library of the Year Award can be submitted at [http://www.access.gpo.gov/su\\_docs/fdlp/fdlofyear/application05.html](http://www.access.gpo.gov/su_docs/fdlp/fdlofyear/application05.html). Nominations for the award are solicited every summer and the award is presented at the Fall Conference by the Public Printer. The Representatives and Senators who represent the state and district from which the winning library is located are invited to attend the awards ceremony to also recognize the depository.
- GPO promotes the FDLP and individual libraries in other ways. GPO creates mass marketing literature, CD-ROM's, bookmarks, logos, graphics, posters, and print/radio public service announcements about libraries in the FDLP are received by public radio and newspapers in their local communities. On a daily basis, the support staff at GPO create educational and promotional materials for the FDLP to enhance the visibility of the depository library community and the services they provide.

*Question.* Can you update the subcommittee on your efforts to relocate the GPO?

*Answer.* Since arriving at the GPO a little more than two years ago, I have made the future of the GPO's buildings and productive assets my highest priority. In view of my longstanding experience in the printing and publishing industries, as well as my discussions about the matter with officials from the Office of Management and Budget, the General Services Administration, and the Office of the Architect of the Capitol, it is clear to me that the GPO's current structures are too large, too antiquated, and too inefficient to serve our needs or those of our customers in Congress, Federal agencies, and the public.

Other Public Printers over the past half-century reached similar conclusions and tried without success to obtain right-sized, modern facilities. Over the past generation, as the GPO's workforce has declined from a high of nearly 8,500 to about 2,400 today and new technology has become available, the problems posed by our current structures have only grown more acute. Our buildings now present an economic and functional impediment to our future, especially as we move to transform this venerable agency into a digital processing facility for the 21st century.

Our central office complex comprises approximately 1.5 million square feet of office and industrial space distributed among four multistory buildings constructed between 65 and 100 years ago. Other than infrequent direct appropriations for large scale building projects, the operating, maintenance, and repair (OMR) costs of our facilities must be recovered through the prices we charge Congress, Federal agencies, and the public for the printing and information dissemination work we are required to perform.

Because of the age and inefficiency of our buildings, the OMR component of our prices has become enormously burdensome, today totaling approximately \$35 million annually, or about 12 percent of our costs, without taking into account any capital expenditures for new equipment or for the upgrading or replacement of our buildings or their systems. These costs will only increase if we stay here. Over the next 5 to 10 years, we estimate that the GPO will need to spend between \$275 million and \$350 million to maintain, repair, and secure our current facilities. These

are costs that can and should be avoided. Spending at this rate will drain our reserves of funds needed for essential investment in information technologies and drive the GPO into functional obsolescence in the not-too-distant future. I truly believe that our historic mission to provide for the information needs of Congress, Federal agencies, and the American people is much too important to have our future sacrificed to the upkeep of facilities that are no longer suited to our needs.

As a solution, we propose the adoption of an innovative public-private partnership approach under which we would relocate to a modern, in-line facility in the Washington, DC, area that would be equipped with technologies appropriate to our current and future mission. Instead of taxpayer-supported appropriations, we propose to use the value of the GPO's current real estate assets to underwrite this project. Under our proposal, we would leverage the aggregate net present values of the reduced OMR costs available in a new facility, currently estimated at approximately \$148 million, and the redevelopment value of the GPO's current real estate holdings, currently estimated at approximately \$236 million, through lease or other arrangements with one or more private developers. As a result, this approach will have direct impacts that will satisfy the requirements of our *Strategic Vision for the 21st Century*:

- The proceeds from the transactions will be sufficient to pay all costs associated with the new structure and equipment and moving expenses;
- The new operating environment will permit us to avoid having to incur OMR costs at the currently wasteful rate, resulting in a savings stream over each year of our occupancy of our new building that will directly lower our future requests from Congress for the Congressional Printing and Binding Appropriation and the Salaries and Expenses Appropriation of the Superintendent of Documents; and
- A sufficient cash flow will be generated by the lease (or similar) arrangement on our existing site to meet capital requirements for investment in and replenishment of evolving information technologies to support the needs of congressional and agency customers as well as the information dissemination programs covered by the Superintendent of Documents' Salaries and Expenses Appropriation.

On May 24, 2005, I transmitted a plan to the GPO's oversight committees on how these goals can be attained. It was developed by The Staubach Company, one of the foremost real estate advisory firms in the Nation, selected competitively for this purpose by the GPO with the participation and assistance of the General Services Administration and the Office of the Architect of the Capitol, and working under a contract approved by the Joint Committee on Printing in September 2004. At its core, the plan relies on making a strategic, innovative use of the "lazy asset" that the GPO's current structures have become to underwrite our relocation and reduce the future costs of our products and services.

The plan supplements draft legislative language that would authorize us to carry out our relocation/redevelopment partnerships, which has been supplied to the Senate Rules and Administration Committee and the House Administration Committee for review. We are preparing to provide our oversight committees with briefings on the Staubach plan as well as any additional information they need in their consideration of our draft legislative language.

*Question.* Are you consulting closely with the all members of the depository library community about the new directions for the GPO?

*Answer.* GPO has been in continuous communication and consultation with the depository library community about our *Strategic Vision*, important planning documents, and various policy statements in numerous ways:

- Regular meetings with the Depository Library Council and a significant population of the FDLP librarians at the Federal Depository Conference/Fall Council Meeting and Spring Council Meeting.
- Hosting biweekly conference and telephone calls and maintaining routine e-mail communication with the Depository Library Council members throughout the year.
- Routinely posting important announcements and issue updates to FDLP-L, GPO's broadcast email announcement service [http://www.access.gpo.gov/su\\_docs/fdlp/tools/fdlplist.html](http://www.access.gpo.gov/su_docs/fdlp/tools/fdlplist.html).
- Routinely posting proposed policy changes and planning documents to the GPO web sites in order to gather public comments. Postings are typically made to the FDLP Desktop in such places as News and Updates [http://www.access.gpo.gov/su\\_docs/fdlp/](http://www.access.gpo.gov/su_docs/fdlp/). Comments are always solicited through FDLP-L and other discussion lists.
- Monitoring and responding to postings on the Government documents discussion list and other related Government information discussion lists.

- Regularly briefing and soliciting input at major professional library conferences (American Library Association, Special Libraries Association, American Association of Law Libraries, Association of College and Research Libraries, various state library association meetings).
- Regularly briefing and collaborating at special events and on special projects (Federal CIO Council working groups, Library of Congress, Federal Library and Information Center, and the Center for Networked Information).

*Question.* Does your Salaries and Expenses request for fiscal year 2006 ensure that important Government materials will continue to be distributed in print, as determined by the depository library community?

*Answer.* At the level we have requested, and in combination with adjustments we are currently making to spending under this account, our fiscal year 2006 Salaries and Expenses Appropriation submission will cover the distribution of tangible products required by the depository library community.

*Question.* It is my understanding that GPO is facing a shortfall in fiscal year 2005 in the Salaries and Expenses account. What is the magnitude of the shortfall and when did GPO first become aware of the shortfall? What has GPO done to date to mitigate this shortfall?

*Answer.* Earlier this year, following consultation with our oversight committees, the Superintendent of Documents issued a statement pledging to continue the distribution of tangible products to Federal depository libraries consistent with the needs of the depository library community. Accordingly, we are making necessary adjustments to spending under the Salaries and Expenses Appropriation to cover the anticipated volume of tangible product distribution work, which at this point in time is projected to require an estimated \$2.6 million more than was originally budgeted for this purpose. As a result of these adjustments, staffing changes, and adjustments to overhead cost allocations, we project that spending for fiscal year 2005 Salaries and Expenses requirements will be completely within the amount appropriated.



## CONGRESSIONAL BUDGET OFFICE

### STATEMENT OF DOUGLAS HOLTZ-EAKIN, DIRECTOR

Senator ALLARD. The next panel is the Congressional Budget office. Dr. Holtz-Eakin, it's good to see you again.

Mr. HOLTZ-EAKIN. It's good to see you, sir.

Senator ALLARD. I get to hear from you from time to time since I serve on the Budget Committee. Proceed with your testimony when you're ready.

Mr. HOLTZ-EAKIN. Mr. Chairman, the CBO's pleased to be here today and we do have a written statement which we've submitted for the record, I will be brief.

I want to begin by thanking this subcommittee for its support in the past, most recently in our fiscal year 2005 appropriation and some reprogramming we did with the 2004 funds, and going forward, we have what we believe is a fairly plain, vanilla request. As you noted at the outset, it's a request for a bit under \$36 million, a rise of \$1.2 million over last year, or 3.5 percent. The strategy in putting that together was to fully fund the personnel costs in the CBO budget, that's about 90 percent of our budget. They will rise, between paying benefits, a bit over 5 percent per year, and we'll hit the top line 3.5 percent rise by cutting back, most notably, in IT expenditures where things will fall by another 19 percent, and a bit in other areas as well.

We are able to do this by taking advantage of past efforts in cost-saving technologies, our budget analysis data system, moving that from a mainframe to a server platform, online application techniques, extensive use of our website for distributing documents to the public instead of printing and mailing them out. We also benefit from partnering with other congressional agencies. Our new financial management system, in partnership with the Library of Congress is in the National Finance Center for payroll, so we don't have to use the capital for facilities, so we have the ability to do this, and the bottom line, of course, is performance. And as we put in our written testimony and traditionally included in our budget submission operating plans, the CBO is providing the Congress good service for this money, and it represents a good buy, that's been true in the past, we hope to continue that in the future.

I thank you for the chance to be here today.

[The statement follows:]

### PREPARED STATEMENT OF DOUGLAS HOLTZ-EAKIN

Mr. Chairman and Members of the Subcommittee, I am pleased to present the fiscal year 2006 budget request for the Congressional Budget Office (CBO).

CBO is a small legislative support agency. Its mission is to provide the Congress with timely, objective, nonpartisan analyses of the budget and the economy and to furnish the information and cost estimates required for the Congressional budget process. That mission is its single "program." Approximately 90 percent of CBO's ap-

proprietion is devoted to personnel, and the remaining 10 percent, to information technology, equipment, supplies, and other small purchases.

Appreciating the need for fiscal restraint, CBO has attempted to maintain its existing level of personnel by saving money in, and through, information technology and through other measures. CBO's proposed budget for fiscal year 2006 represents slightly less than a "current services" request, in which the increases from 2005 are solely to cover estimated increases in pay, benefits, and general inflation. The request totals \$35,853,000—a \$1.2 million, or 3.5 percent, increase over the appropriation for fiscal year 2005 (after the 0.8 percent rescission).

The requested increase is dominated by \$1.6 million for increases in staff salaries and benefits, which are estimated to grow by 5.2 percent in 2006. CBO's information technology accounts will decrease by \$354,000, or 19 percent, which has been made possible by an adjustment to the replacement cycle for equipment and savings from converting the Budget Analysis Data System from a mainframe platform to 21st century technology. The remainder of CBO's nonpersonnel budget will decrease by 1.1 percent. CBO will generate savings in printing, storage, and postage costs by increasingly relying on online distribution of its publications.

With the requested funds for 2006, CBO plans to continue to support the Congress in exercising its responsibilities for the budget of the U.S. government. CBO supports the Congressional budget process by providing analyses required by law or requested by the Committees on the Budget, the Committees on Appropriations, the Senate Committee on Finance, the House Committee on Ways and Means, other committees, and individual Members. Contributing in various forms, CBO:

- Reports on the outlook for the budget and the economy to help the Congress prepare for the legislative year;
- Analyzes the likely effects of the President's budgetary proposals on federal spending and revenues;
- Estimates the costs of legislative proposals, including formal cost estimates for all bills reported by committees of the House and Senate and statements about federal mandates on states, localities, and the private sector;
- Prepares Monthly Budget Reviews, annual reviews of unauthorized appropriations and expiring authorizations, and the biannual volume Budget Options;
- Conducts policy studies of governmental activities having major economic and budgetary impacts; and
- Constructs analytic models to project short- and long-term costs and receipts of government programs.

In fiscal year 2006, CBO's request will allow the agency to build on current efforts—specifically, to do the following:

- Increase the number and reduce the preparation time of reports and in-depth analyses for the Congress. The request will support a workload of approximately 2,000 formal legislative and mandate cost estimates as well as more than 100 analytical reports, about 70 other publications and products, and a robust schedule of Congressional testimony.
- Support 235 FTEs (full-time-equivalent positions), the same number as in 2005, including an across-the-board pay adjustment of 3.1 percent for staff earning a salary of \$100,000 or less. That adjustment is consistent with the ones requested by other legislative branch agencies. The budget also reflects a projected increase of 7 percent for benefits, and funds a combination of promotions and merit increases for all staff, including those whose salary exceeds \$100,000 and who therefore do not receive an automatic annual increase;
- Provide for CBO's share of the Federal Accounting Standards Advisory Board's budget (\$430,000);
- Continue support for telecommunications services to the Alternate Computing Facility (\$75,000);
- Maintain and expand CBO's disaster recovery capabilities (\$60,000);
- Maintain and enhance the Budget Analysis Data System, the agency's mission critical system for developing and maintaining scorekeeping data and budget projections for use by the appropriations and budget committees (\$20,000); and
- Sustain and develop CBO's financial management system, Momentum (\$100,000).

Before I close, I would like to point out a few ways in which CBO has streamlined some operations, as well as mention cross-servicing arrangements and management improvements that CBO has undertaken or expanded upon over the past several years.

First, in terms of streamlining, CBO: Reduced the footprint and staff of its library by 50 percent by increasingly relying on the print and online services provided by the Library of Congress; and eliminated storage services and reduced printing and

mailing costs, as the agency's Web site has become the primary vehicle for disseminating CBO publications.

Second, pursuing cross servicing, CBO does the following:

- Coordinates with the Library of Congress for financial management, reporting, travel, and other related financial and accounting services—including using the same contractor that the Library does for audit services. (CBO received a clean opinion on its first audit of its financial statements this year.)
  - Partners with the Library for implementation and maintenance of an integrated financial management and procurement system (Momentum) that provides accurate, relevant, and timely information to management for decisionmaking.
  - Utilizes the National Finance Center for payroll processing.
  - Receives support from the House Information Resources office for CBO's computer data center.
  - Receives maintenance services from the Architect of the Capitol for CBO's work space.
  - Contracts with the Government Printing Office for printing services.
- Last, CBO's management improvements include these:
- Expanding the use of information technology to develop an improved report production system, an electronic distribution system for publications and cost estimates (relying on the Web), an online job announcement system, an online job application system, a résumé tracking system, and a property management inventory system.
  - Discontinuing contracting for mainframe computing services by reprogramming the Budget Analysis Data System to run on CBO-maintained servers. That conversion alone will save CBO approximately \$200,000 a year in its future budget submissions.

As reflected in CBO's fiscal year 2006 budget request, those ongoing efforts have allowed CBO to keep cost increases to a minimum.

Finally, I would like to thank the Subcommittee for its support of CBO's 2005 budget request. The funding provided this year will allow CBO to continue providing the Congress with vital analyses as well as enable the agency to make smart investments in core areas, which will enhance productivity and reduce costs.

Senator ALLARD. Well, thank you. You're accompanied by Dr. Robinson at the table. I appreciate the modesty of your budget. It's important that CBO set an example. I try to set an example in my office, returning unspent dollars, and I'm glad to see that you have put together a modest budget here to meet your needs.

#### RESOURCE REQUIREMENTS

Some of the questions that might come up—is it enough? You do have some big issues that you're working on—Social Security, Medicare, health insurance, prescription drugs—these are not easy programs to work with, and do you have the resources you need to meet your core mission?

Mr. HOLTZ-EAKIN. For this submission, we believe we do. Further cuts would jeopardize the core mission, because it would have to come from pay and personnel—we don't have the flexibility to put it somewhere else, and in the end, those are the resources that are most central for addressing those issues.

Going forward, I echo your views that we must be cognizant of the need for spending discipline. Our ability to replicate 3.5 percent per year on an ongoing basis is really limited, benefits are going up faster than that, and we are 90 percent personnel, and we cannot continually go back to the other small pieces of our budget and find the savings necessary to keep it that low, but for the moment, this submission will do the job.

#### BUDGET FORECASTING

Senator ALLARD. Two years ago, CBO requested and received two additional staff.

Mr. HOLTZ-EAKIN. We did, and we thank you, for the support there, it helped us to undertake the dynamic scoring of the President's budget which was a new initiative when I arrived. We, at the moment, believe we have the right FTEs to do the job we're being asked.

Senator ALLARD. I'm one of the members pushing for dynamic scoring.

What has been your accuracy, your track record for coming up with the right figures that over time, proved out? Can you show a record of improvement in forecasting?

Mr. HOLTZ-EAKIN. We believe it's important for the Congress to know exactly what they're getting, and we have, on the website, and we can provide to you in great detail, the track record of our accuracy both in economic forecasting, and most importantly, budget forecasting, from the perspective both of spending, and revenues. I believe that most people would like us to do better, that includes us as well, but we have a track record that's comparable to any agency in the Government and any company in the private sector that attempts to do this.

Senator ALLARD. Well, it's not easy.

Mr. HOLTZ-EAKIN. I'm glad you said that.

Senator ALLARD. It's so unpredictable, and there's no way you have of knowing what those incidents might be that might have an impact on budget projections.

Mr. HOLTZ-EAKIN. The most important part of the budget projection has traditionally been forecasting receipts, and there the central issue is having accurate, up to date information about the structure of income tax returns, what—in particular—the high income individuals who pay the vast majority of individual income taxes are doing, and the fact that we receive—as does everyone else—income tax information about 2 years after it's actually filed, is one of the real big problems. We first have to actually forecast where we are, and then make a forecast for the future, and that is the one area where we have mentioned to all the departments in the fiscal agencies, that getting that data out more quickly would be helpful.

#### ADDITIONAL COMMITTEE QUESTIONS

Senator ALLARD. That's all the questions I have. Again, I would ask you the same as I did the previous panel, we'd like to have a prompt response to any questions we may submit to you from this subcommittee. Would 10 days be a reasonable time to expect you to be able to get back to us?

Mr. HOLTZ-EAKIN. That would be fine, we look forward to any questions you might have.

Senator ALLARD. That's all we have, and thank you very much for your testimony, and I think you're doing a good job.

Mr. HOLTZ-EAKIN. Well, thank you, and I appreciate the chance to be here.

[The following questions were not asked at the hearing, but were submitted to the Office for response subsequent to the hearing:]



## QUESTIONS SUBMITTED BY SENATOR J. DURBIN

## COORDINATING EFFORTS WITH OTHER LEGISLATIVE BRANCH AGENCIES

*Question.* How do you coordinate with other Legislative Branch agencies including GAO and CRS to ensure that there is not duplication in the work that each agency does?

*Answer.* There are a number of actions undertaken by CBO and other legislative branch agencies to ensure there is not duplication in the work that we each do. On a continuing basis, the heads of each agency meet to discuss mutual challenges, share experiences, share information on key areas of work, and identify opportunities for collaboration as well as ensure there is no duplication of work between the agencies. Additionally, senior executives from each of our agencies meet through various forums to discuss work and collaborative efforts. The Chief Administrative Officers (CAO) Council currently is meeting monthly to better integrate and collaborate efforts on emergency preparedness and continuity of operations planning; the Chief Financial Officers (CFO) Council meets at least quarterly to share information on internal budget and financial management matters; a Chief Information Officers (CIO) Council has just been formed for the legislative branch agency IT employees to share information; and, for several years now, representatives from GAO, CRS and CBO have been meeting quarterly to discuss work efforts and ensure there is appropriate communication between the agencies on pending assignments.

It should also be emphasized that several actions have already taken place to coordinate major activities between CBO and other legislative branch agencies. For example, we have had a long-standing agreement with the Library of Congress for the Library to provide support to CBO on a finance and accounting system. Together with the Library, we recently completed a transition to a new finance and accounting system (Momentum) and the Library and CBO have worked very closely together to ensure a successful transition to the new system. CBO also shares an IT data center with the House of Representatives, and we receive building support from the Architect of the Capitol in the Ford House Office Building.

## ELIMINATION OF CERTAIN STAFF POSITIONS

*Question.* CBO reported that it has eliminated the need for certain staff positions (e.g., library services, publications) by adopting best practices in document distribution and information services. What are these best practices and how can other agencies use them to achieve savings? What additional opportunities exist across the agency to streamline positions?

*Answer.* CBO eliminated a position in its library by increasingly relying on the print and online services provided by the Library of Congress. CBO also eliminated the position of printing assistant and transferred the person occupying that position to the agency's IT (information technology) group to help meet responsibilities there. The change was made possible by decreasing CBO's printing and distribution of hard copies of publications and relying even more than in the past on e-mail dissemination and the agency's Web site to provide access to publications and cost estimates. To bolster that approach, CBO improved its new-document notification system by adding an option for subscribers to receive instantaneous notification as each document in a selected area of interest is released. (Previously, the only option was to receive a next-day summary.) Those changes met the need of interested parties on the Hill and in the press for quick and reliable access (at no marginal cost to CBO). The Agency will continue to review library and publication distribution services to identify other areas of possible streamlining.

## DOCUMENT DISTRIBUTION SYSTEM

*Question.* CBO is currently reviewing its document distribution system, with an aim toward streamlining. Has CBO undertaken any efforts to coordinate the streamlining of document distribution with other legislative branch agencies? What actions are being considered and how significant are the expected results, including cost savings?

*Answer.* CBO contracts with the Government Printing Office (GPO) for printing and periodically coordinates with that agency to ensure that GPO's distribution of CBO's publications to the depository libraries is appropriate. Otherwise, CBO has not coordinated its document distribution with other legislative branch agencies, primarily because its distribution of hard copies is modest and time-sensitive.

CBO is printing and mailing fewer publications. First, it has cut the numbers generally. It has also eliminated any automatic distribution to members of the public. Whereas CBO used to send copies of a few of its publications automatically to members of the public who expressed a general interest, it now awaits their specific re-

quests. Moreover, the agency's reliance on electronic distribution is allowing it to dispense with its outside storage facility and, instead, maintain a small inventory in its basement storage room in the Ford House Office Building. The savings from reduced printing and mailing have not yet been realized, so precise figures are not available, but CBO is aiming for savings of up to 30 percent, or in the tens of thousands of dollars. The recurring annual savings from eliminating the outside storage facility is about \$20,000.

#### LIBRARY STAFF REDUCTIONS

*Question.* CBO reported that in recent years, it has successfully reduced the footprint and staff of its library by one-half by increasingly relying on the print and on-line services provided by the Library of Congress (LOC). What additional opportunities exist to rely on the services provided by LOC or other agencies?

*Answer.* We believe that opportunities exist to better coordinate our needs for journals and books with the Library of Congress and/or other agencies' libraries. At CBO, we are increasingly relying on the availability of on-line journals, periodicals, subscriptions, etc. Either through our own contacts with vendors or through collaborative efforts with the Library, we have been able to meet most of our needs for journals and periodicals through on-line services. However, we've discovered that a number of scholarly and academic books needed by CBO employees are not yet available on-line. In these instances, we rely on the availability of these publications in the Library, or we purchase them directly for CBO. We are currently reviewing how we obtain journals and books for CBO employees, and are looking at options for agreements with the Library of Congress or other agencies' libraries to better meet our needs. Although we have not yet identified specific ways to rely on these services of other organizations, we expect that our review will help us in this effort.

#### PROPERTY MANAGEMENT INVENTORY SYSTEM

*Question.* CBO reported that it had recently implemented a new property management inventory system. How is the new property management system being used to strengthen internal control and improve the safeguarding of assets? Can you describe the benefits, in both qualitative and quantitative terms, what CBO expects from the new property management system?

*Answer.* The new property management system has strengthened internal control and improved the safeguarding of assets by providing a documented, standardized process for asset control and the tools necessary to track our inventory from cradle to grave. The software uses a common database for both Inventory Control and Asset Management to eliminate the possibility of equipment appearing in one database but not the other. However, for control purposes, employees responsible for inventory control do not have access to the asset management interface or vice-versa.

All assets are bar coded and entered into the system upon receipt. They are tracked through their life. At disposal, all equipment is documented on a property disposal form, cross-checked by individuals in different units, and approved for excessing by the Assistant Director for Management, Business, and Information Systems. All capital assets are inventoried on an annual basis. As an additional safeguard, an independent auditor physically sees each piece of capital equipment and also verifies its financial data.

Since CBO is a small agency with less than 5,000 physical assets we were able to select a low-cost, off-the-shelf, commercial property management system. The total cost for this new system was \$17,000. Annual maintenance and support is approximately \$4,000. If CBO developed a custom product in-house or contracted out development, the cost would have been ten to twenty times more. The new system is significantly easier to use than the prior one, both for inventory control and for asset management. This has reduced training costs as well as staff time in entering and maintaining asset data. It has proven extremely helpful in planning computer and monitor buys and in better managing equipment replacement cycles. In the old system, CBO largely used spreadsheets and an extremely manual process for asset management, particularly depreciation calculations. Since the new system combines inventory and asset management in one application, we are very near our goal of eliminating separate record keeping and reporting for asset management. This will reduce the likelihood of errors and result in a substantial time savings.

#### AUDIT OF CBO FINANCIAL STATEMENTS

*Question.* CBO reported that it is working towards an independent audit of all CBO financial statements. Only a balance sheet audit was performed in fiscal year 2003. What is the expected timeline for having an audit of all CBO financial statements? In requesting proposals for audit work, what efforts have been made to min-

imize costs by coordinating with other Legislative Branch agencies regarding lessons learned from their first audits?

Answer. CBO is under contract with Kearney and Company (auditing firm) to have all fiscal year 2004 financial statements audited by August 31, 2005. In order to streamline costs, CBO made a conscious decision to contract with the same auditing firm as the Library of Congress (LOC), since LOC provides CBO with financial management support. Given this fact, CBO was able to incorporate lessons learned from LOC's previous audits as well as reduce costs of the contract because audit work performed on LOC's financial management processes and systems are the same or very similar in nature to that of CBO.

#### AUTOMATED FINANCIAL MANAGEMENT SYSTEM

*Question.* CBO reported the recent implementation of a new automated financial management system "in cooperation with the Library of Congress." How is CBO using the new financial management system to improve performance and streamline operations? Can you describe the benefits, in both qualitative and quantitative terms, which CBO expects from the new financial management system?

Answer. CBO is using its new automated financial management system to provide end-to-end acquisition and financial management. This system has eliminated redundancies in fiscal and acquisition operations. For example, CBO has been able to eliminate manually maintained spreadsheets as well as eliminate manual hard copy certification functions. These actions have streamlined the coordination processing time and reduced the error rate because information is not duplicated in various systems. This timesaving will provide acquisition and financial managers with more time to analyze and interpret resource data in order to further reduce costs through enhanced acquisition planning and resource management. Also, this new system will strengthen internal management control procedures, since the system is designed to provide electronic authentication of system users throughout the approval and certification process. The checks and balances maintained in this system will ensure clean auditable financial statements. In addition, CBO plans to provide management with real-time and near real-time reporting capability to aid CBO decision makers in making sound short and long-term investment decisions.



## OFFICE OF COMPLIANCE

**STATEMENT OF WILLIAM W. THOMPSON, II, EXECUTIVE DIRECTOR**

**ACCOMPANIED BY SUSAN S. ROBFOGEL, ESQUIRE, CHAIR, BOARD OF DIRECTORS**

Senator ALLARD. I'm going to call on the next panel now, which is the Office of Compliance. Here is Mr. Bill Thompson, and you have with you, Chair of the Board, Susan Robfogel.

Proceed to your testimony when you're ready, Mr. Thompson.

Mr. THOMPSON. Thank you, Mr. Chairman, we're pleased to be here this morning, and we both prepared statements that we would like submitted for the record.

I'm going to cut to the chase here because of the time. The office has, essentially, three functions, the first of which is operating a dispute resolution program that handles everything from sexual harassment to disputes about paying overtime. That program proceeds very quietly and efficiently; we are not here today about any issue with the funding there.

Secondarily, we're doing education. We're doing a lot with a little; we've revamped our website recently, and I think it's been considered by people we've talked to as one of the better websites they've seen from a regulatory agency.

The third area that we're responsible for is occupational safety, public accommodation and access, and there we are not faring so well. As you may recall, about 1 year ago there was a report that recommended that we needed additional funds in order to be able to satisfy our mandatory requirement of complete inspections of the entire campus every 2 years. The GAO report also recommended that we change our methodology to be more complete in both our inspections and our interactions with the agencies which we are inspecting. We have done that, and the result of the experience that we've had is that the process is much more time consuming than we thought previously.

At the time we made our initial request for the fiscal year 2006 budget—which has a 9 percent increase—most of that, other than the COLA, was for one full-time position for an inspector of Occupational Safety and Health. In the months that have passed since then, as we got further into this new inspection process, it's become clear to us that we need additional funding. As a consequence, we are in the process of submitting an amended budget request. With that, I'll turn it over to Susan Robfogel.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM W. THOMPSON, II

Thank you Mr. Chairman and Members of the Committee for the opportunity to appear before you today in support of the fiscal year 2006 budget request of the Office of Compliance.

With me today are Susan S. Robfogel, Esq., Chair of the Board of Directors of the Office, General Counsel Peter Ames Eveleth, Deputy Executive Director Alma Candelaria, and Administrative and Budget Officer Beth Hughes Brown.

We present you for the second time a completely zero based budget. The accuracy of this year's largest budget cost allocation—staff time—has significantly improved because we have conducted periodic sampling to account for staff time needed to carry out each of our major function categories.

This calendar year also marks the 10th anniversary of the passage of the Congressional Accountability Act of 1995. As we end the agency's first decade, we can look back at much progress, and some rough patches along the way. In February, 2004, the Government Accountability Office issued its major Report "Office of Compliance: Status of Management Control Efforts to Improve Effectiveness" GAO-04-400. At approximately the same time, the Office issued its first comprehensive Strategic Plan for fiscal years 2004-2006. Both of these documents reflect the continuing improvement in the Office's focus on its core missions, and its growing engagement with Congress and Legislative Branch agencies in collaborative initiatives to enhance our services in the mandated areas of dispute resolution, safety and health enforcement, and education and outreach to our regulated community.

As recommended in the 2004 GAO Report, we are continuing to shift our focus in providing these services to a more interactive approach, enabling regulated employers to achieve greater voluntary compliance with the requirements of the Congressional Accountability Act. In light of the employment, security and safety challenges Legislative Branch agencies and employees face, one of our primary goals is to enable the regulated community to achieve substantial compliance with all requirements of the Act. And, we are doing all of this with a current budget of less than \$2.5 million.

#### DISPUTE RESOLUTION

The Office's day-to-day employment dispute resolution function involving controversies under ten different laws, everything from alleged discrimination to the failure to pay required overtime, proceeds efficiently—although largely unnoticed—because of the confidential nature of the vast bulk of these cases. Hundreds of disputes in nearly all Legislative Branch agencies, as well as in offices of Members and committees of both chambers have quietly moved through the administrative dispute resolution system. The assistance to employing offices and employees provided by this discreet service is perhaps one of the great untold success stories of the past decade regarding the quality of Congress's internal operations.

#### SAFETY AND HEALTH ENFORCEMENT

However, the current situation regarding the Office's ability to carry out the Accountability Act's mandate in the areas of Occupational Safety and Health and public accommodation for the disabled is substantially more challenging. The Office has successfully encouraged major strides by the Office of the Architect and the other responsible agencies in improving conditions across the campus. However, GAO's 2004 Report "Office of Compliance: Status of Management Control Efforts to Improve Effectiveness" GAO-04-400 confirmed the necessity of the Office's repeated budget requests for additional OSH staff and resources. GAO found that "In contrast to most other CAA requirements, OOC is not fully in compliance with the CAA requirement that it 'conduct periodic inspections of all facilities' of the agencies covered by the provision." GAO also found a "dramatic increase" in the number of health and safety inspections requested by employing offices and covered employees, and observed that the Office's resources "have not kept pace with this growth."

We have pointed out this structural shortfall in several past several budget requests, but we do not have resources at the level necessary to enable us to biennially assess the health, safety, and emergency response situation across the entire campus in a complete or timely manner. Under the Office's current General Counsel, the care and quality of our inspections has improved dramatically. However, doing a more interactive and thorough job of inspecting requires substantially more resources and more time.

In response to the requirements of the CAA and GAO's recommendation, the Office is now in the midst of a definitive effort to establish the required authoritative and comprehensive OSH base line for all 17 million square feet of covered space in the D.C. metro area. Our General Counsel, who was appointed late in fiscal year 2003, has determined that the completion of the much more thorough, comprehensive and consultative biennial base line inspection mandated by the CAA and underscored in GAO's report will be substantially more time consuming and resource intensive than we had anticipated even as late as our fiscal year 2006 budget request.

Even with the additional inspector FTE we have requested for fiscal year 2006, the General Counsel will not be able to complete a timely, comprehensive picture of the current safety, health and emergency response dangers across the entire campus. Hazards, some of which may be serious, remain unidentified.

#### EDUCATING OUR CONSTITUENCY

The Office is also mandated by Congress to “carry out a program of education for Members of Congress and other employing authorities of the Legislative Branch of the Federal Government respecting the laws made applicable to them and a program to inform individuals of their rights under laws made applicable to the Legislative Branch of the Federal Government. . . .” 2 U.S.C. 1381(h)(1). While the Office continues to carry out this core mandate of the Act through various educational and outreach activities, we have been testing the limits of our capacity to become more pro-active in this area. Various additional outreach initiatives, such as further upgrading of educational products and a planned mediation workshop are occurring this year, but our long term ability to build on the momentum expected from these and previous enhancements will ultimately be dependent upon additional resources and information infrastructure access.

#### CONCLUSION

On behalf of the Board of Directors the appointees and the entire staff of the Office of Compliance, I respectfully request that the Committee respond favorably to the Office’s fiscal year 2006 budget request. We will be happy to respond to any further questions which you may have.

#### APPENDIX—THE CONGRESSIONAL MANDATE

The Office of Compliance was established to administer and enforce the Congressional Accountability Act of 1995, 2 U.S.C. 1301, et seq. The Congressional Accountability Act applies 12 workplace, employment, and safety laws to Congress and other agencies and Instrumentalities of the Legislative Branch. These laws include: the Occupational Safety and Health Act of 1970; the Federal Service Labor Management Relations Act; Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act; the Rehabilitation Act of 1970; the Family Medical Leave Act; the Fair Labor Standards Act; the Age Discrimination in Employment Act; the Worker Adjustment and Retraining Notification Act; the Employee Polygraph Protection Act; and veteran’s employment and reemployment rights at Chapter 43 of Title 38 of the U.S. Code. The Act was amended in 1998 to apply the Veterans Employment Opportunities Act.

Currently, the Office has regulatory responsibility for employers in the Legislative Branch employing approximately 30,500 employees. The Office is also charged by the Act to make recommendations to Congress as to whether additional employment and public services and accommodations laws should be made applicable to the employing offices within the Legislative Branch.

Under the direction of the Executive Director, the Office administers a dispute resolution system to resolve disputes and complaints arising under the Act, and carries out an education and training program for the regulated community on the rights and responsibilities under the Act.

The General Counsel has independent investigatory and enforcement authority with respect to certain of the laws administered under the Act and represents the Office in all judicial proceedings under the Act.

#### THE BOARD OF DIRECTORS AND STAFF

The Office has a five-member, non-partisan Board of Directors appointed by the Majority and Minority Leaders of both houses of Congress. The Board members, who serve five-year terms, come from across the United States, and are chosen for their expertise in the laws administered under the Act. In a major vote of confidence in the current leadership of the Office, Congress enacted legislation in 2004 granting authority to appoint the current chair and members of the Board to a second 5 year term in office. The Board acts as an adjudicative body in reviewing appeals by parties aggrieved by decisions of Hearing Officers on complaints filed with the Office and advises Congress on needed changes and amendments to the Act.

The Office of Compliance currently has 16 full-time employees and pays the part-time Board members on a “when-actually-employed” basis. Our employee complement performs a multiplicity of functions, including: administrative dispute resolution, occupational safety and health and disability access enforcement, labor relations regulatory activity, education, Congressional relations, professional support for

the Board of Directors, and general administrative and fiscal functions. The Office performs the functions of multiple agencies in and for the Executive Branch, including but not limited to, the Equal Employment Opportunity Commission, Occupational Safety and Health Administration, Occupational Safety and Health Review Commission and the Federal Labor Relations Authority. The Office regularly contracts for the part-time, as-needed services of approximately 25 other individuals as mediators, Hearing Officers, and safety and health investigators. The Office's senior full-time safety and health investigator is on permanent detail from the Department of Labor's Occupational Safety and Health Administration.

#### INCOMPLETE BIENNIAL OSH-ADA INSPECTION

During fiscal year 2004, our Office of the General Counsel (OGC) was able to inspect only about 4 million square feet within 25 Legislative Branch facilities (some with multiple buildings). The General Counsel was unable despite best efforts to examine all Legislative Branch facilities during the 108th Congress biennial cycle of inspections, including large areas within the House and Senate Office Buildings and the U.S. Capitol Building space used for Member offices, Committee staff offices, and other non-AOC spaces as required by the Congressional Accountability Act. Therefore, it is certain that many hazards remain unidentified at this time.

The total amount of covered premises in the metropolitan Washington region is in excess of 17 million square feet. Because of the comprehensive thoroughness with which the fiscal year 2004 inspections were carried out, as was encouraged by GAO's February 2004 Report, over 2,300 serious hazards were identified in the 25 facilities inspected, as compared to 360 violations discovered in the same facilities and areas during the 107th Congress biennial inspection.

As part of the revamped inspection regimen, the Office is now utilizing a widely recognized risk assessment code (RAC) to classify all hazards found to exist in the ongoing inspections. The time and costs required to conduct more interactive and comprehensive inspections, and the nearly seven-fold increase in the number of violations identified just during 2004 has made manifest that the Office's current level of resources are completely inadequate to complete the ongoing inspection of all covered facilities in the D.C. metro area in the foreseeable future or to timely respond to requests for inspections by employing offices and employees.

#### MORE CONSULTATION AND COLLEGIALLY

GAO also recommended that "OOC should establish congressional and agency protocols . . . between the Congress, legislative branch agencies, and OOC on what can be expected as OOC carries out its work." (GAO Report, Introduction) The Office of Compliance is developing new approaches to OSH regulatory activities which involve greater consultation, coordination, and transparency in both the investigatory and enforcement phases. This effort requires partnerships with employing offices and employees and a concomitant educational and training initiative to improve management and employee understanding of best practices. These activities are focused on fostering more cooperative efforts at achieving compliance with standards but they do not negate the statutory mandate to enforce the law.

As we have mentioned, the fiscal year 2004 OSH inspection regimen was undertaken with much greater consultation with stakeholders. More interactive methods are more resource and labor intensive, and have further contributed to the Office's inability timely to complete the biennial inspection of the entire campus.

#### STRAINS ON AGENCY RESOURCES

During the past two fiscal years, the Office has reallocated significant resources toward OSH investigations at the expense of other mandates. For example, 0.5 FTE has been temporarily reallocated within the Office of General Counsel from legal support to contract investigation just to maintain the current level of inspections. In addition, one FTE has also been moved from the administrative dispute resolution support staff to provide administrative assistance to the Office of General Counsel. Contractor funds have been reprogrammed to provide additional resources for increasing the use of contracted OSH inspectors. Further withdrawal of resources from the other dispute resolution and educational mandates of the Act will substantially impact the Office's ability to maintain a dispute resolution program which ensures that employees and employing offices in the House of Representatives, Senate and other Legislative Branch Instrumentalities receive the quality of mediation and hearing services which the Congress expects.

Since I was appointed in fiscal year 2002, the Office has consistently asked for an additional FTE and other funding for safety and health inspections and enforcement, as well as major increases for other underfunded mandates. The Office's re-



sponsibility in this area has assumed even more critical importance in the wake of 9/11. While appropriations have increased, the underlying structural shortcomings in our funding base make our ability to fully and timely implement the Congressional inspection and enforcement mandate impossible. The Office has been criticized by appropriators for the size of its requested budget increases over the past several years. However, as the Office still operates with a smaller budget than it had in fiscal year 1997, we respectfully submit that the requested increases have been made in large part in order to regain lost resources necessary for this agency adequately to respond to the Congressional mandate in the Act.

Senator ALLARD. Ms. Robfogel.

Ms. ROBFOGEL. Mr. Chairman, my purpose in being here today is to speak on behalf of the Board, and to let you know that the Board fully endorses the request as it's been articulated by our Executive Director. Although we are a part-time Board—we all have other occupations—we take our responsibility for health and safety very, very seriously. It's an awesome responsibility that we have, and we've spent a great deal of time discussing this issue with our executive staff and we are fully convinced that every possible dollar has been reallocated to the safety and health inspection area that can possibly be reallocated. That means if we cut expenditures for any other part of the Office any more than we already have, the Office would not be able to function. And I thought it was important that you hear that from us, as well. We think this is the only way that we will be able to accomplish the mandate for safety that falls to us.

[The statement follows:]

PREPARED STATEMENT OF SUSAN S. ROBFOGEL, ESQ.

Thank you Mr. Chairman and Members of the Committee for the opportunity to appear with Executive Director Thompson before you today in support of the fiscal year 2006 budget request of the Office of Compliance.

The Board is acutely aware of its awesome responsibility for the health and safety of those who work on or visit the Capitol Hill campus.

To protect the men and women who come to the Capitol, we must have enough inspectors to inspect the buildings, help to remediate noted deficiencies and inspect to ensure compliance.

Currently we are functioning with only one staff inspector who is on assignment from the Department of Labor. In addition, we employ contract inspectors, as funds permit. Simply put, it is not enough manpower to inspect the entire Capitol Hill campus in a two year period.

As a Board, we have questioned our executive staff and we are fully satisfied that they are doing everything they can do to support the inspection mandate, including reassigning staff and resources from other functions to meet the need for inspectors.

We need more people either through direct hiring or by assigning additional inspectors to us from DOL.

We need your help to keep us all safe.

We will be happy to respond to any questions which you may have.

Senator ALLARD. Thank you very much for your testimony. I was one of those that promoted the idea that Congress live under the same laws as everybody else, and pushed the idea that we needed to get those provisions that traditionally Congress has been exempted from, and bring them into the operation of our own legislative branch. Then members will gain a greater appreciation of the total impact. If you live under the laws that you pass, it makes a better person out of you, and I think it makes a better legislator out of you. I think that's what James Madison had in mind when he got up and talked about a citizen legislator, somebody who lived under the laws that they passed.

## HEALTH AND SAFETY INSPECTIONS

One of the areas that is a little bit troublesome is in the health and safety inspection area, you alluded to that in your statement. We've got an article here from by The Hill newspaper on April 19 of this year, which discussed the hazards of the Capitol. It says we had 2,666 citations, and this is much higher than what we had in the 2002 inspection. Was that the last inspection before you had this inspection?

Mr. THOMPSON. That was the last comprehensive inspection. The 107th Congress was done in 2002, and this is the same square footage that we had in 2004.

Most of the violations that we had in 2002, a lot of progress is being made on. The new violations spread across the spectrum of very serious to the not so serious, but the inspection experience was that there are still more serious violations that we are trying to get after.

Senator ALLARD. Now, on these violations, what kind of follow up is there? Is the follow up fairly immediate after you discovered the violations? How are they abated, and how are we doing on correcting health and safety violations?

Mr. THOMPSON. Under our new regimen, Mr. Chairman, we make every effort to have the agency actually accompany our inspectors, so they see what our inspectors see at the same time. To the extent that there are clear and simple fixes, we actually have had experiences where the changes were made as we went.

For those things that are not being fixed immediately, they need to be thought about before we can decide exactly what we've got. We follow up as quickly as possible with the agency, both orally and in writing, listing the violations and a description of what we found.

With regard to follow up inspections, that's a very significant part of what we've been doing since the 2004 inspection. Our inspectors go out and the agencies' inspectors fix the things that they can fix, and we also are having a lot of interaction with the agencies.

Senator ALLARD. In the 108th Congress, you were not able to complete your inspection, is that correct?

Mr. THOMPSON. We were not able to complete the inspection, I'm sad to say, Senator. For the inspections going forward, that is something we are absolutely bound and determined not to happen this time around, which is the reason for our increased request.

Senator ALLARD. Okay, and the additional resources that you need to finish and complete your final inspection for this Congress is how much?

Mr. THOMPSON. We have given your staff two options, the FTE option with cost over a 2 year period—fiscal year 2006 and fiscal year 2007—approximately \$570,000. In the contractor version of the same, we use contractors to do the inspection. The cost is approximately \$475,000, so there's a savings by using the contractors.

Senator ALLARD. Do you have to bring on new people?

Mr. THOMPSON. We have a stable of contractors that we've been using, I don't know that we'd be able to use them for that many hours, but the community out there has a very good selection.

GOVERNMENT ACCOUNTABILITY OFFICE REPORT ON THE STATUS OF  
MANAGEMENT IN THE OFFICE OF COMPLIANCE

Senator ALLARD. The GAO issued a report and recommendations regarding the status of management in your agency. How are you doing in responding to their recommendations, and developing quantifiable measures to record progress toward goals? I would think that it would be easy for you to set goals and objectives that are measurable.

Mr. THOMPSON. Yes, thank you for asking that question, because that's a core effort we're making right now.

We see the GAO engagement as more than simply oversight. We have embraced the GAO as a consultant. They made 15 recommendations in their report last year. Of those 15 recommendations, we've been able to accomplish about half thus far, and are working on all of them. There are a few that we are sort of stymied on with regard to the lack of funds, but I can report to you that as late as last month, we met with the GAO for two purposes: one, to report to them on how we're doing with regard to all of their recommendations, and two, to develop with them some preliminary measures, some quantifiable measures that we are working on as the first step toward our next strategic plan.

## RISING CASELOAD

Senator ALLARD. You had a rising caseload in alternative dispute resolutions, is that right and if so, why?

Mr. THOMPSON. The caseload at the office is increasing. If you correct the figures as the GAO suggested that we do for two large files that go back to 2000, there are about 300 people involved in the two cases. If you back those numbers out, essentially I'm just going to run five numbers here, for each step of our process, counseling, mediation, complaints, appeals to the Board of Directors, Appeals to the Federal circuit. If you take the average over the 10 years we've been in the system versus the average over the last few years, what you get is numbers like this: 82 for the old average, 88 for the new average, 65 versus 73, 9 versus 11, 4 versus 6 and for appeals to the Federal circuit, the old average is 2, now we're running at 7, so we have a significant increase in the caseload.

I think the reasons for that—but there's no way to scientifically confirm this—our best educated guess is that it is a combination of things. One is people knowing more about the office, since as time goes by we're doing a much better job of educating the community. Number two, I think the workforce is becoming more sophisticated in general. And number three, frankly, I think there was a period of time when I first got here where you would hear stories that, "Well, that Office of Compliance is just for show," and I think over time the quality of what we've been doing, the quality of the Board's decisionmaking have demonstrated our worth.

Senator ALLARD. Now, the 200 and 300 complaints that you had come in, can you explain in more detail what that was all about?

Mr. THOMPSON. Yes, there were two large cases, one was a group of female cleaning people who were sponsored, I believe, if my recollection is correct, by their collective bargaining representative, and they were claiming sex discrimination.

The second group was the Black Capitol Police Officer's Association which came into the office about 4 days after I got there as the new Executive Director. Their claim was racial discrimination through the hiring and promotion of Capitol Police, that case is now a case in the Federal court, it's still at the trial level, and the Architect's cases were also in court.

#### CHANGES IN THE CONGRESSIONAL ACCOUNTABILITY ACT

Senator ALLARD. Based on your experience, your staff's experience, how would you assess the effectiveness of the Congressional Accountability Act, and are there any changes to the law that you'd recommend to improve its effectiveness?

Mr. THOMPSON. I would say the law is quite effective in that there is a place for all employees to go with regard to 12 different statutes. I think we educate people on their rights and responsibilities under the laws, and with regard to the improvements, the Board of Directors has submitted, as required by the statute last year, 2004, a formal report and recommendation which includes a number of changes to the Act itself and some additional laws. There was inconclusive evidence to determine whether other agencies needed that, and we will make available that formal report to you and your staff.

Senator ALLARD. We'd appreciate that. Thank you very much. I don't have anything else. Go ahead.

Ms. ROBFOGEL. Mr. Chairman, there's one other change to our statute that our Board has recommended and that was recommended in the GAO analysis that I think it's important you be aware of. When our statute was passed, it was passed with term limits, the Board would be appointed for a single, 5-year term, and our executive staff would be appointed for a single 5-year term. The GAO has recognized that it is very difficult to accomplish continuity, and to accomplish the purposes for which the statute is established if the whole office turns over that frequently. Congress last year amended the statute to permit the Board members to be reappointed for an additional term. We are hoping very much that the legislation will be amended to also permit the reappointment of the executive staff so that all of the work that is currently in process will be able to continue.

Senator ALLARD. So, we have term limits on the executive staff?

Ms. ROBFOGEL. Currently that is the situation.

The term limits with respect to the Board have essentially been eliminated, at least to the extent of permitting three members of the Board whose terms expired to be reappointed, and we have been told that the other two members of the Board, whose terms will be over in the next month, that they will also have their term limits lifted.

Senator ALLARD. So, we have staggered terms now for the Board members?

Ms. ROBFOGEL. By just several months, yes.

Senator ALLARD. I think we may need to look at that closer, we should stagger Board member terms out over several years.

Ms. ROBFOGEL. That would be a massive improvement, and we also think there needs to be some relief on the executive staff side.

Senator ALLARD. But they serve at your pleasure, you have oversight on the executive board, you hire——

Ms. ROBFOGEL. They serve at my pleasure, actually.

Senator ALLARD. As Chairman of the Board.

Ms. ROBFOGEL. Yes.

Senator ALLARD. So, even though they've performed well over a certain period of time, you cannot reappoint them?

Ms. ROBFOGEL. I can not reappoint them, and I can not move people from one position in the office to another position in the office. Once someone has served on the executive staff, he's got to leave at the end of the 5 years.

Senator ALLARD. We're going to take a close look at why that provision is there, see if we can figure out congressional intent, apparently Government Affairs has oversight on that.

Ms. ROBFOGEL. They do.

Senator ALLARD. So, maybe we'll communicate with them a little bit and see what their views are on this issue.

Ms. ROBFOGEL. I would appreciate that, Mr. Chairman.

#### CONCLUSION OF HEARINGS

Senator ALLARD. I will now put this subcommittee in recess until May 17 when we take testimony regarding the Capitol Visitor Center. Thank you for your testimony, this has been a good, helpful morning with testimony from all panels, and we thank you all.

[Whereupon, at 11:30 a.m., Wednesday, May 11, the hearings were concluded, and the subcommittee was recessed, to reconvene at 10:30 a.m., Tuesday, May 17.]